

Introduction

The *Federal Legislative Update*, published several times a year by the Texas Workforce Investment Council (Council), informs stakeholders about developments in federal legislation that impact workforce policy. This update, the first of 2013, focuses on recent activity in Congress.

Each United States Congress is two years in length and is made up of two sessions. The first session convenes on January 3 of odd-numbered years and subsequently adjourns on January 3 of the following year. The second session convenes from January 3 of even-numbered years, and continues to the following January 3. The 112th Congress recently completed its session and the 113th session members were sworn in and the session began on January 3, 2013.

The current Congress is led by Senate President Joe Biden, Senate President Pro Tempore Patrick Leahy, and House Speaker John Boehner. There are 100 senators, 435 house representatives, and six non-voting members.

Appropriations

During the final months of 2012, Congress worked to address the automatic funding reductions that would have gone into effect on January 2, under a previously agreed-upon consequence known as sequestration. Unless Congress applied \$1.2 trillion in spending cuts, a reduction in funding of 8.2 percent would have been imposed across all federal programs. A temporary compromise was agreed to just two days before the new Congress convened.

House bill (HR) 8, the *American Taxpayer Relief Act of 2012*, was signed by the president on January 2, 2013, and is referred to as the "fiscal cliff" bill. It delays scheduled income tax rate increases and the spending reductions required by the sequestration process until March 1, 2013, giving Congress and the administration additional time to consider additional actions. HR 8 delayed sequestration with \$24 billion in deficit-reduction measures, which will be paid for with 50 percent spending cuts and 50 percent revenues. The spending cuts will be achieved by reducing the discretionary spending caps by \$12 billion over two years, divided equally between defense and non-defense discretionary spending. The bill extends unemployment insurance benefits through 2013, and also extends the Farm Bill, which authorizes the Supplemental Nutrition Assistance Program Employment & Training (SNAP E&T) program, through the end of the fiscal year. Under HR 8, SNAP E&T will be funded at the 2012 level.

The bill extends most of the set-to-expire tax cuts for individuals making \$400,000 per year or less or \$450,000 for married couples filing jointly. Taxpayers with income above those levels will now pay 39.6 percent. The act extends both the ability to deduct state and local sales taxes and tax credits for the investment and production in wind energy. The two-month delay in sequestration means that spending cuts will continue to be a major issue for Congress over the next several months.

WIA Reauthorization

The Workforce Investment Act (WIA) remains under consideration for reauthorization. The Workforce Investment Improvement Act of 2012 was passed by the House Education and the Workforce Committee in the 112th Congress, but failed to advance beyond that. It is expected to be the starting point for WIA reauthorization in the new Congress.

Other Workforce-Related Legislation

HR 6429, the *STEM Jobs Act*, was passed by the House on November 29, 2012. This bill would increase visas for high-skilled immigrants with advanced science, technology, engineering, and mathematics (STEM) degrees. The bill would make up to 55,000 visas available in 2014 and subsequent years for qualified immigrants residing in the U.S. who have a doctoral-level STEM degree from a U.S. university. The bill was authored by Rep. Lamar Smith and cosponsored by Rep. Henry Cuellar, both of Texas. Since it failed to be passed by the Senate in the last session, it could be reconsidered by the current Congress.

The programs authorized under the *Higher Education Act* will expire at the end of 2013. In anticipation, the House Education and the Workforce Committee is expected to request suggestions from higher education stakeholders to help inform the legislative drafting process for reauthorization. Draft legislation could be completed by the end of this year.

The *Elementary and Secondary Education Act* is also anticipated to be a priority for the House Education and the Workforce Committee. The act, also known as the *No Child Left Behind Act*, has been extended each year by Congress for the last few years but the administration has offered a comprehensive blueprint for reauthorization. Congress is expected to address this soon.

Presidential Appointments

Hilda Solis, secretary of the Department of Labor during the president's first term, submitted her resignation on January 9. The president has not yet nominated a replacement but is expected to do so fairly soon.